

CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

Public Benefit Analysis

Small-Issue Industrial Development Bond Projects 2002 First Round

Small-Issue Industrial Development Bonds (IDBs) are tax-exempt private activity bonds that are issued through state and local governmental agencies to assist manufacturing facilities finance capital expenditures. Today, most IDBs support expansions of existing manufacturing. IDBs offer considerable interest rate savings to small and midsize manufacturers in contrast to conventional loans. When used by manufacturers, IDBs serve to create new jobs within their communities.

The California Debt Limit Allocation Committee is responsible for administering California's annual tax-exempt private activity bond program, known as "the annual State ceiling". For calendar year 2002, California's State ceiling is \$2.587 billion. Each year the Committee divides the annual State ceiling among several bond programs, known as "Program Pools", including the Small-Issue Industrial Development Bond Project Pool. For calendar year 2002, the Committee reserved approximately 4%, or \$100 million, of the State ceiling for the IDB pool. The \$100 million of bond authority was allocated in three allocation rounds and to one sub-pool, (i.e., the Small Business Program Pool).

The Committee awarded a total of \$17.7 million in IDB's in the First Allocation Round of 2002. Of this amount, \$5 million was allocated to an individual Small-Issue Industrial Development Bond Project and \$12.7 million was allocated to the Small Business Program Pool.

Small-Issue Industrial Development Bond Project will create a total of 100 new jobs in California, of which 8 are management, 57 skilled and 35 unskilled jobs. The new jobs will produce a weighted average hourly wage of \$17.75. In the Small Business Program Pool there were 4 projects that will create a total of 250 new jobs in California, of which 13 are management, 87 skilled, 95 semi-skilled, and 55 unskilled jobs. The new jobs will produce a weighted average hourly wage of \$18.65.

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2002 First Round Summary

| Program Pool | Allocation Amount | Number of Projects | # of New Mngmt Jobs | # of New Skilled Jobs | # of New Semi-skilled Jobs | # of New Unskilled Jobs | Total # of New Jobs Created | Weighted Average Hourly Wage |
|---|--------------------------|---------------------------|----------------------------|------------------------------|-----------------------------------|--------------------------------|------------------------------------|-------------------------------------|
| Small-Issue Industrial Development Bond Project Pool | \$5,000,000 | 1 | 8 | 57 | 0 | 35 | 100 | \$17.75 |
| Small Business Program Pool | \$12,700,000 | 4 | 13 | 87 | 95 | 55 | 250 | \$18.65 |
| TOTALS | \$17,700,000 | 5 | 21 | 144 | 95 | 90 | 350 | \$18.39 |

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2002 First Round Benefits

| Program Pool | Applicant/ Issuer | Allocation Amount | Project Name | Project City | Project County | Located within a Distressed Community | # of New Mngmt Jobs | # of New Skilled Jobs | # of New Semi- Skilled Jobs | # of New Unskilled Jobs | Total # of New Jobs Created | Weighted Average Hourly Wage |
|--|---|----------------------|---|--------------------|-------------------|--|---------------------------|-----------------------------|--------------------------------------|-------------------------------|-----------------------------------|---------------------------------------|
| Small-Issue Industrial Development Bond Project Pool | California Infrastructure & Economic Development Bank | \$5,000,000 | 7/11 Materials, Inc. | Stockton | San Joaquin | Yes | 8 | 57 | 0 | 35 | 100 | \$17.75 |
| Small Business Program Pool | Industrial Development Authority of the County of Alameda | \$3,100,000 | Segale Bros. Wood Products, Inc. | Hayward | Alameda | No | 4 | 20 | 25 | 5 | 54 | \$21.79 |
| Small Business Program Pool | California Statewide Communities Development Authority | \$2,000,000 | Omni Duct Systems | West Sacramento | Yolo | Yes | 2 | 3 | 8 | 30 | 43 | \$12.15 |
| Small Business Program Pool | California Infrastructure and Economic Development Bank | \$2,200,000 | G & G Specialty Foods, Inc. | Santa Rosa | Sonoma | Yes | 2 | 11 | 22 | 11 | 46 | \$19.72 |
| Small Business Program Pool | Industrial Development Authority of the County of Alameda | \$5,400,000 | Arlen Ness Enterprises, Inc. | Dublin | Alameda | No | 5 | 53 | 40 | 9 | 104 | \$19.21 |